

# City Council Work Session

5:30 PM  
Council Chambers  
January 17, 2012 (Tues.)

## ATTENDANCE:

Mayor/Council (please check)  Hanel,  Ronquillo,  Cromley,  Cimmino,  Pitman,  McFadden,  Bird,  Ulledalen,  McCall,  Astle,  Crouch.

ADJOURN TIME: 8:32 p.m.

## Agenda

<b>TOPIC #1</b>	<b>Priority Based Budgeting</b>
<b>PRESENTER</b>	Jon Johnson and Chris Fabian
<b>NOTES/OUTCOME</b>	

- Jon Johnson: described Center for Priority Based Budgeting (PBB). Not going to tell you how to change your budget, but help you engage in different conversations about what work the city does. The new normal – different from anything that we've experienced. Government usually goes through peaks and valleys; believe that government is going to stay in the trough in awhile.
- Chris Fabian: worked with Fairfield CA, budget cut of 30% and needed to cut another 30%. Not a community in decline, Napa neighbor. Budget crisis can happen anywhere. PBB will help the City see its budget through a new lens.
- Jon: Fiscal health (health checkup) and long-term fiscal wellness (alignment, PBB). Budget principles; how much do we have available to spend (spend within your means)? Know the difference between on-going and one time funding. Establish and maintain and monitor reserves (backup plan for emergencies, revenue shortfalls or other unforeseeable changes). What is the "difference" (difference between projections (budget) and actuals and understand the reasons for them)? It costs how much (full and accurate picture of what programs/services really cost)? What is the plan and what could cause it to change (economic analysis and long term planning)?
- Chris: Thornton CO example of comparison of revenues and expenses. Understanding ongoing and one time resources and expenses. Discipline and analysis.
- Jon: picture of fiscal health is worth a thousand words.
- Chris: fiscal wellness/PBB. California Governor's approach to balance the budget and the criticism of it.
- Jon: reactions to targeted budgeting are widespread and positive. Fiscal sustainability and strategic budget decision making.
- Chris: primary steps of fiscal wellness: Determine results (why are we in business?); clarify result definitions (understand whether we're achieving what we need to in order to meet community needs); identify programs and services (comparing programs and services, not departments and funds); value the programs (value the programs based on

the results that they achieve); allocate resources based on priorities (use the PBB budget resource allocation tool).

- Jon: step 1- determine results; review the community strategies/goals/outcomes.
- Chris: results definitions workshop; examples from various cities. What do you want to keep, not what do you want to cut.
- Jon: step 2- what do we do; eliminate subjectivity, quick way to convey what we believe in and is important to us as a community and an organization. Communication device. Program and services identification. Not unusual for cities to have 300+ programs. All departments have important programs/services, but not all of them are as important as services provided by other departments. Preserve the important ones.
- Chris: step 3- identify programs and services; evaluating programs; relevance to the results city is trying to achieve – basic program attributes such as mandated services, are costs recovered, demand change, sole provider, size of population served, etc. Step 4- score programs against results and attributes; determine the degree of relevance through scoring. The simple scoring scale - “High Degree” of Relevance, “Lower Degree” of Relevance (still a clear connection) and No Clear Connection.
- Jon: peer review – peers review the department scored programs. Quality control process.
- McCall: who is on the peer review teams?
- Jon: seen it done many ways and can be done differently in subsequent years. Generates good conversations. Partnering opportunities. Educating the organization. Peer review is important to refresh every year.
- Chris: different and better questions and discussions. Spending arrays based on services priorities. Resource alignment diagnostic tools. What do we offer that is a mandated function?
- Jon: shows how cities can develop program information and discuss programs even in good times – focus on those that have low fee recovery, don’t help us accomplish goals and when someone else does the service. Consider using the funds to expand other services, or reduce taxes/fees or continue the services for other reasons, etc.
- Hanel: most cities that you’ve worked with, are they in fiscal crisis or being proactive? In preparing for this presentation, have you reviewed our finances and where we are headed financially?
- Jon: first two (2) cities didn’t have fiscal concerns, just wanted to know that they were spending to meet priorities. Both found economy was impacting them worse than they thought and were able to use tools to cut budgets. Have looked at the City’s budget on a surface level, but that’s why we recommend the health analysis, so we and you better understand your circumstances. What do we do? What are our possibilities?
- Ulledalen: concern about mission drift. General Fund is where the problem exists and would like to ignore other departments and funds. Spend time analyzing things we don’t need to examine.
- Jon: engage people to understand what we do, why we do it and what it costs. That’s valuable information for all departments. Focus the analysis of priorities in the funds that really need the immediate analysis. Even the water department needs information so they know when a rate increase is needed vs. program reductions.
- Pitman: budget issues are obvious, how does the Council avoid self preservation by departments?

- Jon: don't let a single criteria drive the answers and peer review will reduce the ability to preserve self-described importance.
- McCall: with all communities you've worked with, how often do you use comprehensive reassessment? Continuity for future? Software allows flexibility?
- Jon: developed this process in 2009, so cities are starting 2<sup>nd</sup> year of process. Probably won't see organizations that have to redo all results, scoring, costing, etc every year. Circumstances may drive reassessment or time, etc. but nothing set in stone. Encourage refreshment every year. Definitely redo it all if priorities change, service efficiency changes, citizen driven change.
- Chris: some cities are moving into 3<sup>rd</sup> year. Adding things on top of the basic process, such as including citizens in the process, overlaying information such as Human Resource stats.
- Jon: software is yours to use and you can use it and update it as frequently as needed.
- McFadden: laws of diminishing returns often ignored in government, seems this process will help to reestablish its importance.
- Jon: agree; programs start and are rarely reassessed. This process reassesses all of them and shows their relevance. Are you achieving the goal you want? Is it really helping us do a better job?
- Ulledalen: efficiency constraints in private business but Council has no idea how long it should take or how much money is needed to perform certain public services. Can't ask the right questions of departments.
- Jon: government struggles with answering if service can be more efficient. Focus first on relevance. Overlay other data such as resource allocations, FTEs, space, costs and after those are known, ask if priority programs can be more efficient.
- Bird: process examines existing programs; can this tool be used to evaluate proposed programs?
- Jon: have seen organizations treat proposed programs as if it were an existing one. Answer whether it is meeting a high priority first, then whether resources are available.
- Pitman: anyone could use this process as an initial filter for whether to propose new programs.
- Chris: yes
- Jon: Council establishes priorities and departments can now evaluate whether programs meet council goals.
- Ulledalen: concern that present strategic plan will be used as the basis for this process. Nine (9) people on council were not part of that initial process.
- Jon: think this is the starting point but doesn't prevent you from refining it or changing it in the future. Are we still on the same page of what is important to you? That's a good starting place.
- Ulledalen: interesting part of the responses to citizen survey were the written responses, such as keeping kids here and employed and how to improve the economy. Probably even different results today.
- Jon: work with National Research Center to ask right questions.
- McCall: made a wise decision to delay the survey to this year. Community conversations could be useful tool/forum to get community feedback.
- Pitman: how do we explain that we're doing business differently?
- Jon: process clarifies roles and putting people into their proper ones.

Validation exercise and break: at 7:50. Reconvene at 8:05.

- Chris: describes what the results show.
- Ulledalen: explains “transparency” response. Could be part of the involved, engaged and united community section.
- McCall: dialogue is important to tie together the results, such as sustainable economic development may rely upon effective transportation system and safe community.
- Ulledalen: spread the net to talk with others about specifics of how to accomplish the results, for example, talk with Economic Development people and they’ll say that we need to develop an industrial park.
- Ronquillo: thoughts about regionalism and partnerships were about the Dog Park and Par 3 golf course.
- Astle: high quality workforce and education – strongly voiced by School District 2 Board.
- Jon: thinks this relates to city workforce, but as you have expressed, this is part of economic development goal.
- Ulledalen: city has to offer amenities to attract workers and companies. Can Billings work with other communities to support each other, legislation, etc.
- McCall: do the five (5) top priorities well, the others will follow.
- Jon: programs could emphasize the bottom three (3) and explanations from Councilmembers and achieve the goals.
- Cimmino: I suggested the revenue generating program goal.
- Jon: tool will show whether we are emphasizing that enough. You have to make the decision to balance the budget with reserves.

Work with staff tomorrow and beyond. Present information by April for use in the FY 2013 budget.

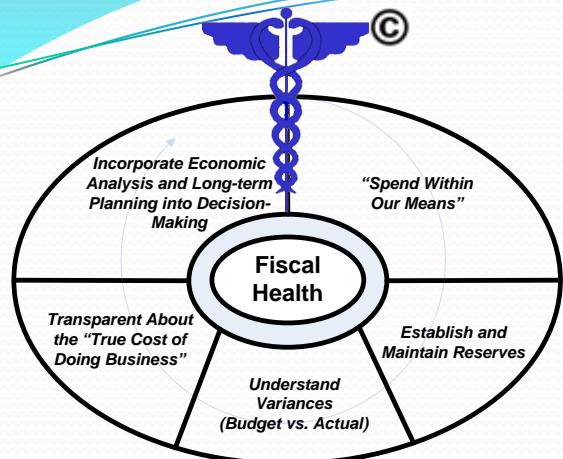
- Public comments: none
- Public comments on items not on the agenda  
Kevin Nelson, 4235 Bruce Avenue: Council decided the city needs a parking garage because people won’t walk two (2) blocks to employment or to shop. So why is council building a bridge that is out of the way. Trains can’t block intersections more than 10 minutes, you can’t walk four (4) blocks in 10 minutes. We said we need parks, so why are we abating taxes that pay for parks. Can’t be here next week, development agreement with Stockman Bank for \$630,000 of downtown tax increment dollars for \$30,000 of additional taxes. Criteria don’t support the facts.

#### Additional Information:

Before meeting: Tina introduces the Capital Improvement Plan, presented to Council in February work session and for approval in March. Introduces Center for Priority Based Budgeting, Jon Johnson and Chris Fabian.

Tina: majority of council will attend Thursday Council celebration and will publicize it.

#### ACHIEVING FISCAL HEALTH



#### ACHIEVING LONG-TERM FISCAL WELLNESS



# ***ACHIEVING FISCAL HEALTH and WELLNESS through Priority Based Budgeting***

***Center for Priority Based Budgeting  
Jon Johnson & Chris Fabian***

**City of Billings, Montana**  
January 17, 2012

# A Brief Introduction...



# *Local Governments Achieving Fiscal Health & Wellness*

- Billings, MT
- Blue Ash, OH
- **Boulder, CO** (*2 yrs*)
- Chandler, AZ
- **Chesapeake, VA** (*2 yrs*)
- **Christiansburg, VA** (*2 yrs*)
- Douglas County, NV
- Delray Beach, FL
- Fairfield, CA
- Fort Collins, CO
- **Grand Island, NE** (*2 yrs*)
- Green River, WY
- **Lakeland, FL** (*3 yrs*)
- **Larimer County, CO** (*3 yrs*)
- **Longmont, CO** (*3 yrs*)
- Manitou Springs, CO
- Mission Viejo, CA
- **Monterey, CA** (*2 yrs*)
- Pasco County, FL
- Pearland, TX
- Placentia, CA
- Plano, TX
- Sacramento, CA
- **San Jose, CA** (*2 yrs*)
- **Seaside, CA** (*2 yrs*)
- **Thornton, CO** (*Fiscal Health*)
- **Tualatin, OR** (*Fiscal Health*)
- **Walnut Creek, CA** (*2 yrs*)
- Wheat Ridge, CO

# The “New Normal” for Local Governments

- 2 out of 3 local governments believe that changes made during the recession represent a “new way” of doing business that will continue beyond the fiscal crisis. - ICMA’s *State of the Profession Survey*
- Local governments are **rethinking what services they provide**, how much they pay for them and what taxpayers expect for their tax dollar. - *Financial Times*
- 9 in 10 City finance directors report their cities are **less able to meet fiscal needs** than in the previous year. - NLC’s *City Fiscal Conditions* Survey
- **Ending fund balances decreased** as cities used them to weather the effects of the downturn. - NLC’s *City Fiscal Conditions* Survey
- States will **continue to struggle** to find the resources needed to support critical public services for a number of years. - *Center on Budget and Policy Priorities*
- 32 % of citizens report that their recently **depressed spending habits will become** a “new normal” in the years ahead. **New normal” consumer spending** implies slower economic growth than in the past. - *Gallup Poll*



NATIONAL LEAGUE OF CITIES



GALLUP

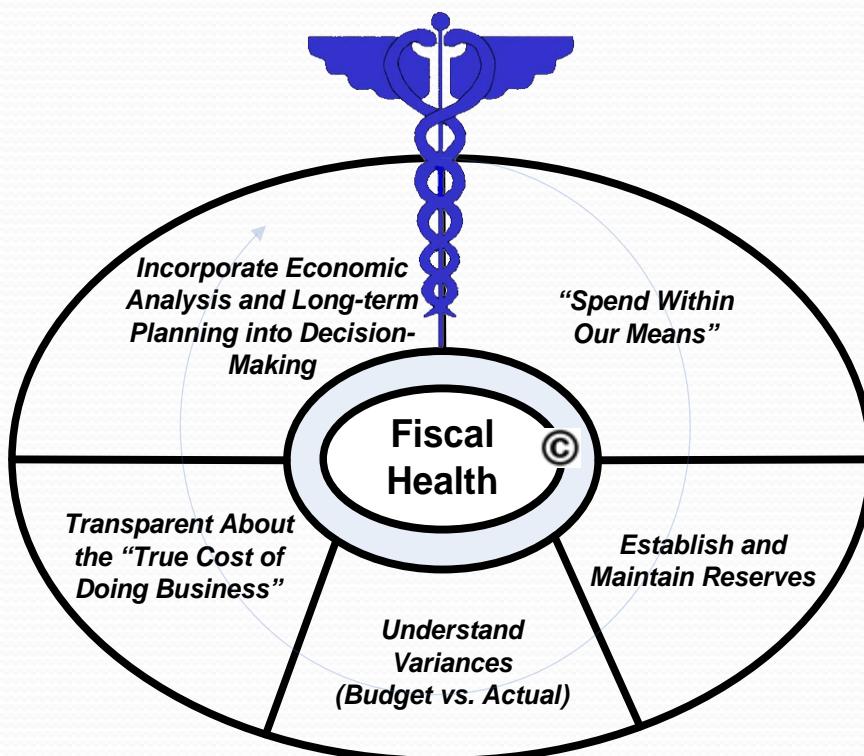
# BRINGING VISION INTO FOCUS WITH A NEW “LENS”



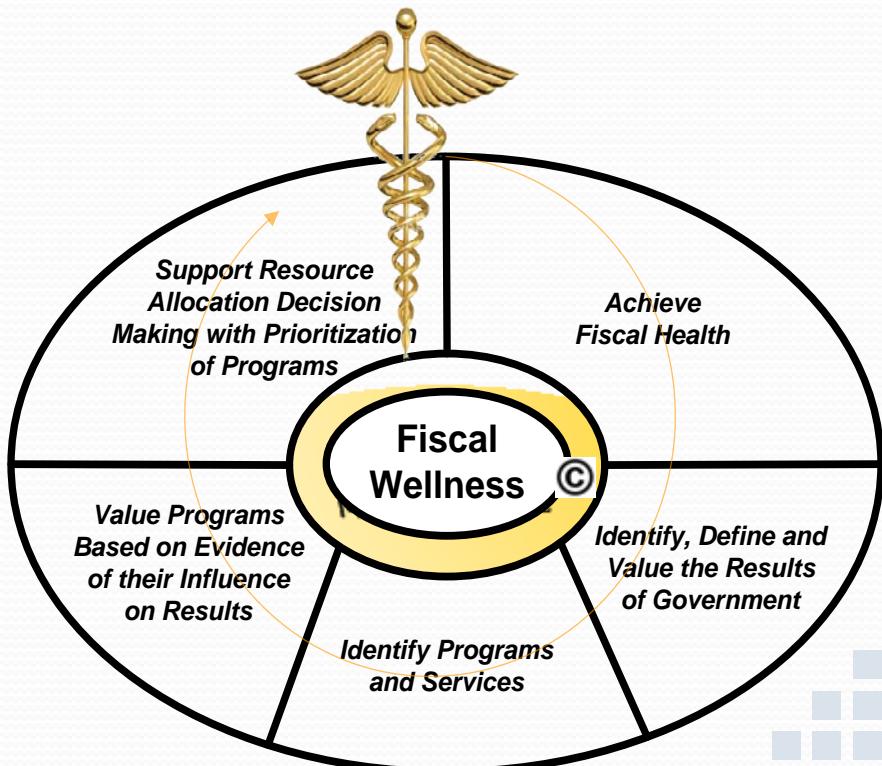
# Achieving Fiscal Health & Wellness<sup>©</sup>

## 2 Strategic Initiatives

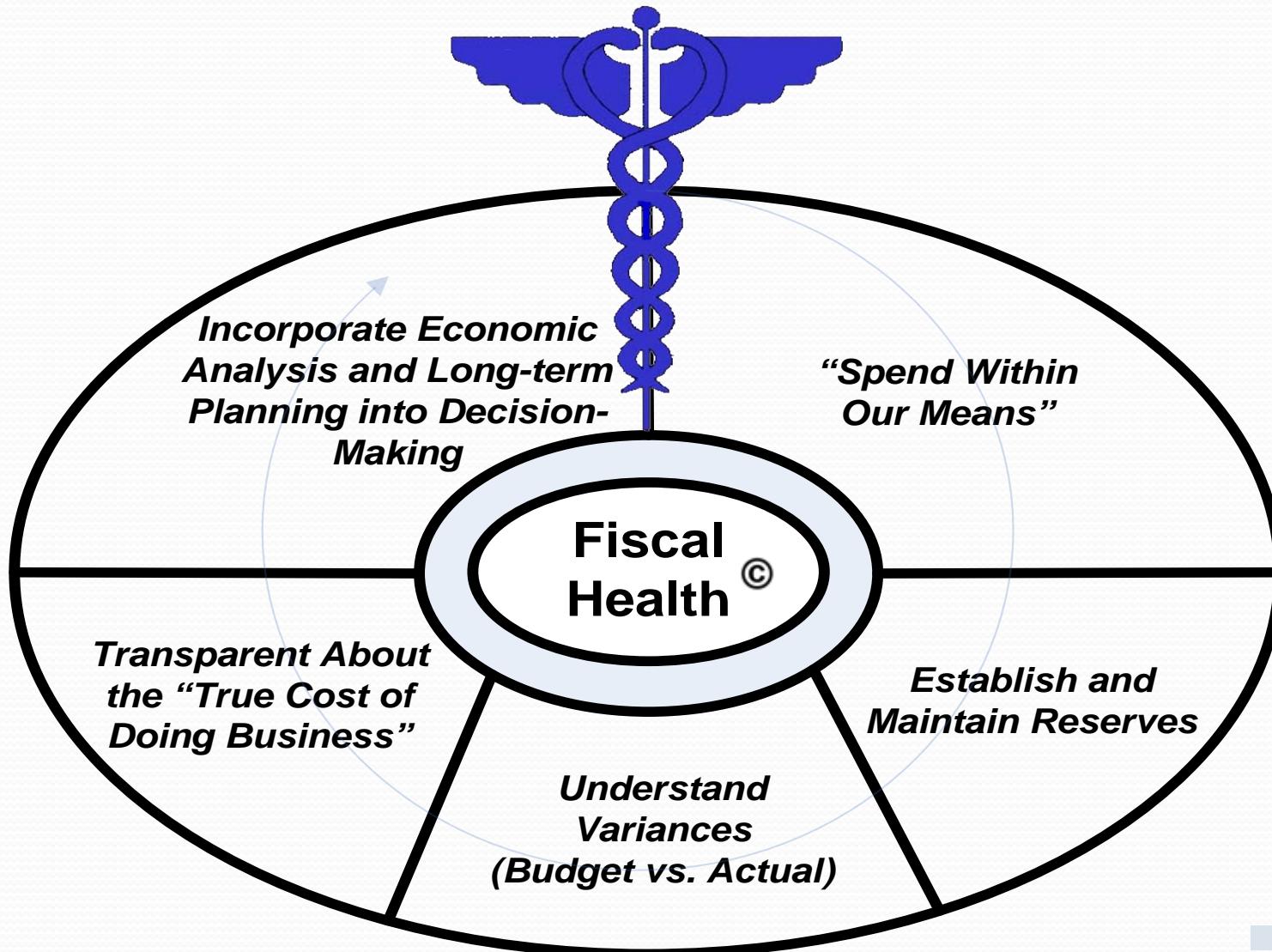
### **Fiscal Health**



### **Long-term Fiscal Wellness**



# ACHIEVING FISCAL HEALTH



# Strategic Questions

1. *How much do we have available to spend?  
(not “How much do you need”?)*

# Approach to Fiscal Health #1:

## **“Spend Within Your Means”**

- ***Symptoms of Good Fiscal Health***
  - Start with Revenues
  - One-time and Ongoing Alignment
  - Differentiate Program Revenues from General Government Revenues
  - Budget Allocations Responsive to Changes in Program Revenues
- **“Spend Within Your Means” in order to:**
  - Base budgets on reliable sources of funding
  - Perform analysis to ensure reserves aren't used for ongoing expenses
  - Prevent reliance on volatile revenues (that might not come in)
  - Promote revenue diversification
  - Engage departments in enhancing revenue sources
  - Provide for flexibility and promote collaboration when responding to program revenue shortfalls

# Strategic Questions

1. *How much do we have available to spend? -  
(not “How much do you need”?)*
2. ***Why do we need to keep “money in the bank”?***

# *Approach to Fiscal Health #2:*

## *Establish and Maintain Reserves*

- *Symptoms of Good Fiscal Health*
  - Establish Working Capital Reserve Policy
  - Identify, Document and Understand All Reserves
  - Review Adequacy of Fund Balance Levels – too Little or too Much
- *Establish and Maintain Reserves in order to:*
  - Provide a back-up plan for emergencies, revenue shortfalls, or other unforeseen changes
  - Set aside funding for long-range plans
  - Hold only the appropriate amount of reserves establishes credibility with internal and external stakeholders

# Strategic Questions

1. *How much do we have available to spend? - (not “How much do you need”?)*
2. *Why do we need to keep “money in the bank”?*
3. ***What’s the “difference”?***

# *Approach to Fiscal Health #3: Understand Variances (Budget to Actual)*

- *Symptoms of Good Fiscal Health*

- Identify ongoing resources devoted to one-time or cyclical (“seemingly ongoing”) expenditures
- Eliminate unnecessary contingencies maintained in department budgets
- Analyze and understand revenue variances
- Don’t overlook thorough analysis of budget-to-actual variances
- Promote multi-year budgeting for capital projects
- Refine salary and benefit projections, to align with actual costs incurred
- Effectively monitor revenue billing and collection

- *Understand Variances in order to:*

- Promote collaborative engagement of organization in understanding variances
- Allow for more effective budget monitoring and management
- Provide source of “hidden treasure” when looking for budget reductions
- Help identify the “fluff”
- Uncover “shadow” / “decentralized” support functions hidden in department budgets

# Strategic Questions

1. *How much do we have available to spend? - (not “How much do you need”?)*
2. *Why do we need to keep “money in the bank”?*
3. *What’s the “difference”?*
4. **“It costs how much”?????????**

## *Approach to Fiscal Health #4: Transparent About “True Cost of Doing Business”*

- ***Symptoms of Good Fiscal Health***

- Align supply/cost of internal services with customer demand
- Appropriately allocate overhead and administrative costs to funds or departments who benefit
- Identify total cost (direct and indirect) for all programs
- Establish fees that recapture appropriate level of total costs of service delivery

- ***Be Transparent About the “True Cost of Doing Business” in order to:***

- Engage departments in assessing demands for internal services
- Promote enhancement of program revenues
- Provide collaborative discussion of the total cost to provide services
- Diversify burden from General Fund by appropriately sharing costs among other dedicated revenue streams
- Establish cost „parameters for assessing “centralization” vs. “decentralization”

# Strategic Questions

1. *How much do we have available to spend? - (not “How much do you need”?)*
2. *Why do we need to keep “money in the bank”?*
3. *What’s the “difference”?*
4. *“It costs how much”?????????*
5. **“What’s the plan and what could cause it to change?**

# Approach to Fiscal Health #5: Economic Analysis & Long-term Planning

- ***Symptoms of Good Fiscal Health***
  - Incorporate all long-term plans in forecasting
  - Prepare comprehensive, multi-year Capital Improvement Plan, and clearly identify associated ongoing operating costs
  - Utilize simple, graphic communication tool to illustrate fiscal health position to all stakeholders
- ***Focus on Economic Analysis and Long-term Planning in order to:***
  - Use key indicators to forecast trends which frames and influences better decision making
  - Use of single graphic tool ensures shared understanding of long-term fiscal position
  - Promote accuracy and understanding of financial forecasting
  - Keep decision makers focused on high-level stewardship role
  - Identify potential points of failure and allows foresight in response
  - Provide for improved long-term planning and financial modeling
  - Allow scenario-planning which encourages flexible and adaptive decision-making

# Strategic Questions

1. *How much do we have available to spend? - (not “How much do you need”?)*
2. *Why do we need to keep “money in the bank”?*
3. *What’s the “difference”?*
4. *“It costs how much”?????????*
5. *“What’s the plan and what could cause it to change?*
6. ***What does the future look like?***
7. ***What if.....????***

# FISCAL HEALTH DIAGNOSTIC –

## Tell the Story with a “Picture”

### GENERAL FUND

Monday, June 08, 2009

(Key: Items in "Blue" can be modified; items in "Black" can not)



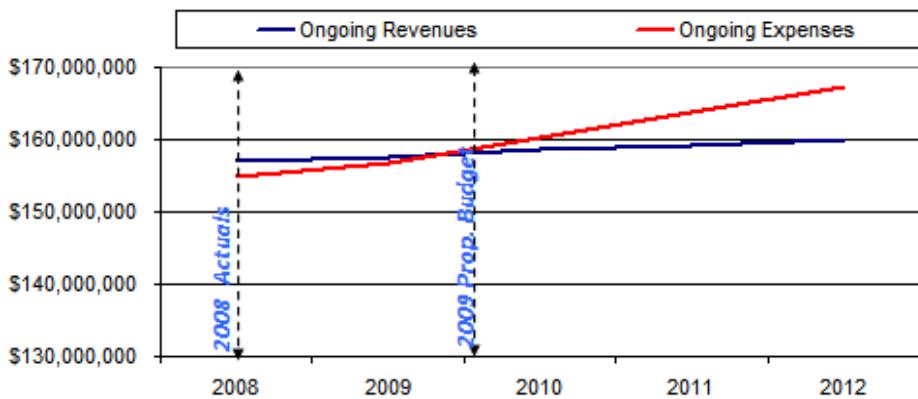
#### Fiscal Health Diagnostic (Do we meet the objectives?)

Objectives	Status	1st Year Missed	1st Year Impact
Set Aside Reserves	Meets	-	\$0
Fund "True Cost of Business"	Meets	-	\$0
Achieve "Ongoing" Alignment	Does Not Meet	2010	(\$1,492,879)
Achieve "One-time" Alignment	Meets	-	\$0

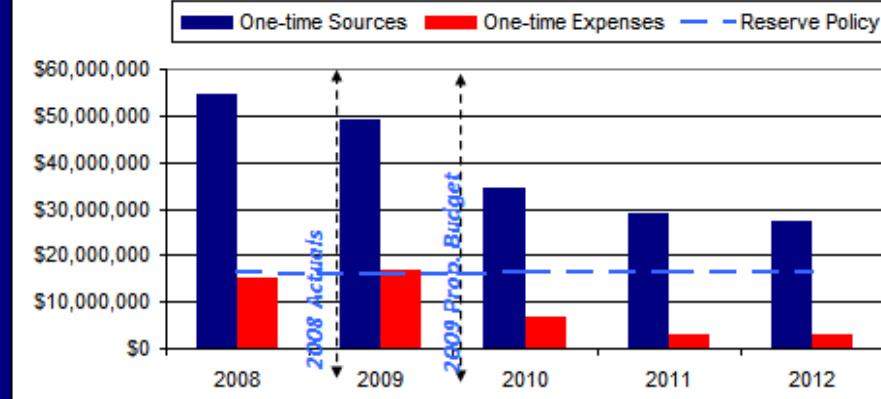
#### Ideas for Cost Containment or Additional Revenue

Description	R/E	Ongoing	Year 1	Year n	One-time	Year
Raising Taxes	R	\$1,500,000				2009
			2007	2012	\$0	
			2007	2012	\$0	2007
Use FB for Ongoing	N		2010	2010		

#### Ongoing Alignment, 2008-2012



#### One-time Alignment, 2008-2012



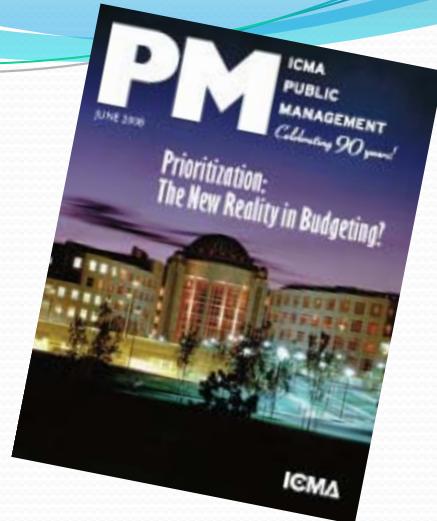
#### Ongoing Business Cases

Ongoing Projects	Ongoing Impacts	Y/N	Approval Year	First Year \$
Detention Center Expansion	Ongoing Impacts	Y	2009	\$ 760,000
Sheriff's PC Replacement	Ongoing Impacts	Y	2009	\$ 35,232
Assessor System	Ongoing Impacts	Y	2009	\$ 316,046
Treasurer's System	Ongoing Impacts	N	2009	\$ -

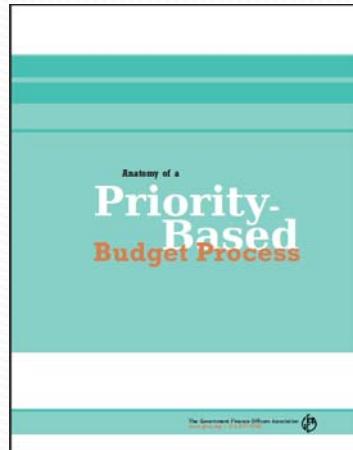
#### One-time Business Cases and 5-Year Plan

One-time Projects	Y/N	Approval Year	First Year \$
Detention Center Expansion	Y	2009	\$ 9,500,000
Sheriff's PC Replacement	Y	2009	\$ 440,400
Assessor System	Y	2009	\$ 3,950,580
Treasurer's System	N	2009	\$ -
Class IV Health Benefits			

# LIVE DEMONSTRATION OF “*FISCAL HEALTH DIAGNOSTIC TOOL*”<sup>©</sup>



## From Health to Wellness



# The Mercury News

From 2007

## Across the Board Cuts Address \$14.5 Billion Shortfall

- California Governor's Office: “Across-the-board approach spreads reductions as evenly as possible so no single program gets singled out.”
- Reaction: “the governor’s approach would be like a family deciding to cuts its monthly mortgage payment, dining-out tab and Netflix subscription each by 10%, rather than eliminating the restaurant and DVD spending in order to keep up the house payments.”

# According to Moody's:



- Across-the-Board versus Targeted Budget Cuts
  - “Across-the-board cuts can be a way to avoid tough decisions”
  - “Targeted cuts require a **serious discussion of community values, relative benefits of different services, and long-term implications**”
- Moody's wants to see how local governments plan for and respond to financial challenges over the long term
  - **“Making targeted cuts can demonstrate a more strategic approach to managing the fiscal crisis”**

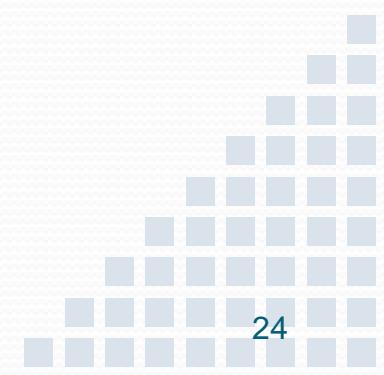


# GOVERNING

CONNECTING AMERICA'S LEADERS

*“Across the board cuts spreads the pain evenly and also evenly spreads the mediocrity”*

- Budget Director for the State of Louisiana



# ACHIEVING LONG-TERM FISCAL WELLNESS



# Steps to Successful Prioritization

- **1.) Determine Results**
  - Accurate prioritization of programs, reflecting the City's stated objectives, depends on the comprehensive identification of the Results we are in business to achieve
- **2.) Clarify Result Definitions**
  - Precision in prioritization results from the articulation of the cause and effect relationship between a program and a Result
  - With clearly defined Result Maps, detailing the factors that influence the Results we are in business to achieve, we can seek to minimize subjectivity in the process of linking programs with Results
- **3.) Identify Programs and Services**
  - Differentiating programs and services we offer, as opposed to comparing the departments who provide those services allows for better Prioritization
- **4.) Value Programs Based on Results**
  - With the right Results, and with clear definitions of those Results, we can more accurately place a value on a program relative to its influence on achieving Results
- **5.) Allocate Resources Based on Priorities**
  - Using “Resource Allocation Tool”

# Strategic Questions

1. *What are we in “business” to do?*

# Step 1: Determine Results

## *City of Grand Island, NE*

<i>Quality of Life</i>
<i>Stewardship of the Environment</i>
<i>Safe Community</i>
<i>Strategic, Sustainable and Maintained Development</i>
<i>Effective, Efficient and Sustainable Organization</i>
<i>Accessible and Transparent Organization</i>
<i>Stewardship of Resources</i>

### Community Results

- *Used to Differentiate Programs Offered to the Community*
- *Not All Programs Achieve these Results*
- *Programs that Achieve Many Results, with a High Degree of Influence, Achieve Highly in Prioritization (demonstrate high degree of relevance)*

### Quality Service Results

- *Every Program Should Achieve these Results (though potentially, not every program does)*
- *Not Used to Differentiate the Relevance of Programs in Prioritization*

### Governance Results

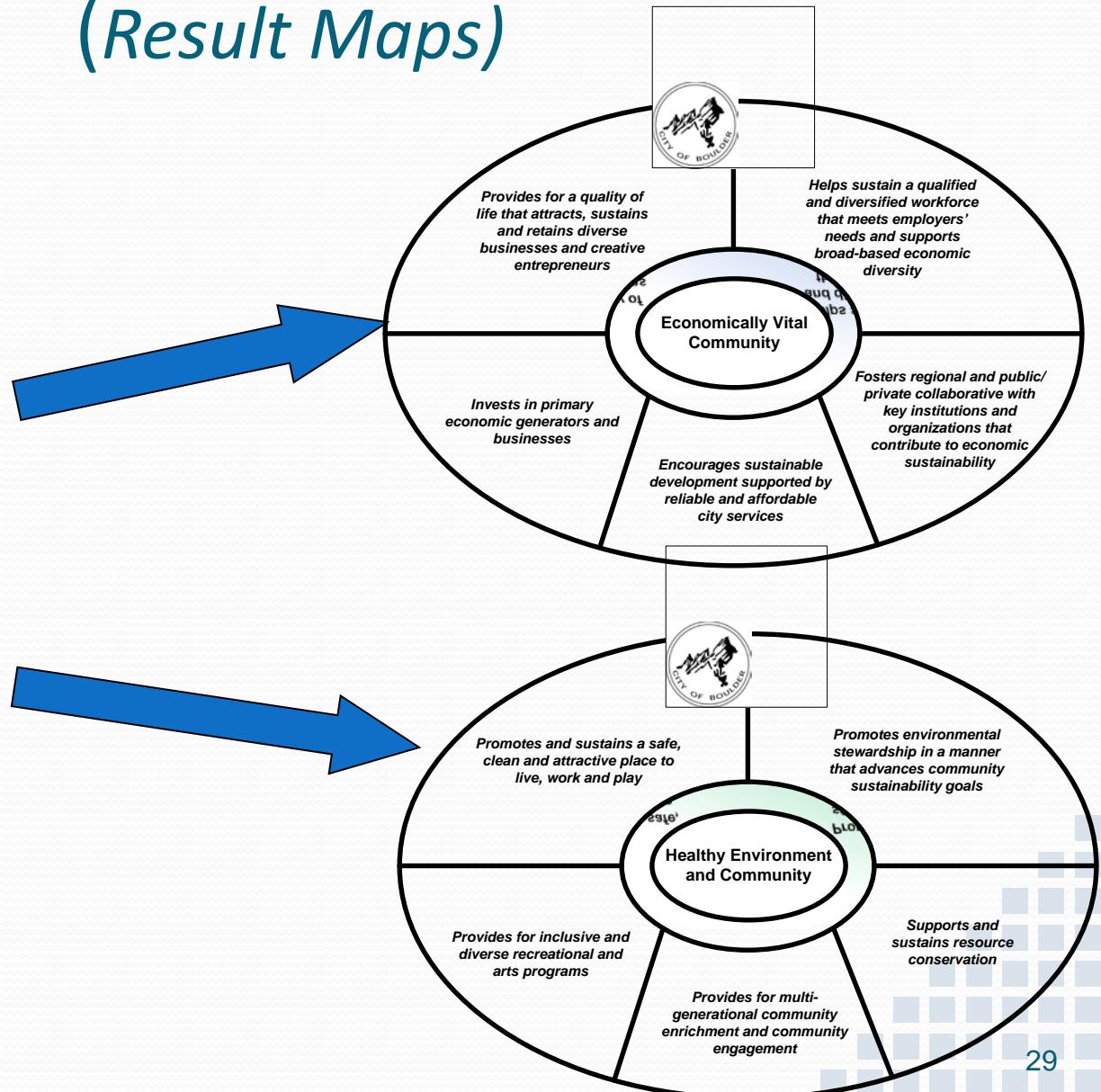
- *Used to Differentiate Programs Designed to Support Governance*

# Step 2: Clarify Result Definitions

## (Result Maps)

### City of Boulder, CO Results

- ❖ Accessible & Connected Community
- ❖ Economically Vital Community
- ❖ Healthy Environment & Community
- ❖ Inclusive & Socially Thriving Community
- ❖ Safe Community



# Results Definition Workshop



- Picture from the City of Walnut Creek, CA *“Community Conversations” Workshop”*
- Citizens answer: *“When the City does \_\_\_\_\_, then the Result is achieved”*

# Recap of Results Definition Workshop

## CITY OF CHANDLER, ARIZONA

### Result: SAFE COMMUNITY

If the City of CHANDLER \_\_\_\_\_, then it will have successfully achieved the result of providing a SAFE COMMUNITY

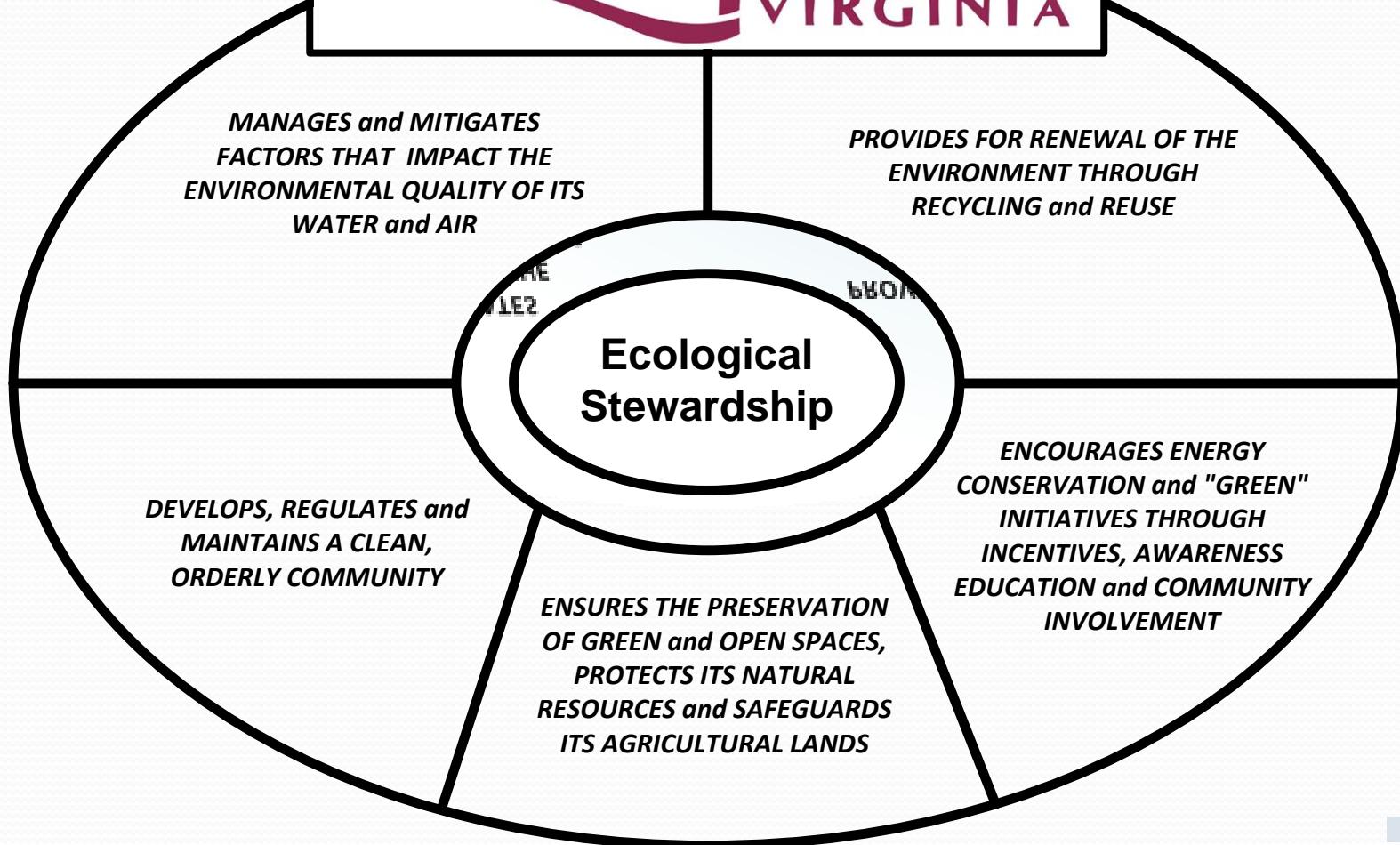
Protects the community by justly enforcing the law, promptly responding to calls for service and being prepared for all emergency situations	Provides safe traffic flow, safe roads and a well-maintained transportation system	Fosters a feeling of personal safety through a visible and approachable presence that ensures proactive prevention and responds to community concerns	Offers a variety of safe activities and safety education to engage with youth and families	Ensures regulatory compliance in order to protect property, the environment and the lives of its residents and visitors
Children are protected	Safe roads and intersections	Eliminate DUI	Jobs and cultural/recreational opportunities	Drinking water quality
Effective criminal investigations	Slower traffic to less than 45 mph	Residents "feel safe" (2)	Provides positive recreational outlets for pre-teens and teens	Provide clean water
Low crime rates (3)	Photo enforcement at intersections	Proactive policing	Recreational opportunities	Effective wastewater services
Patrol neighborhoods	Fewer intersection accidents	Focus on crime patterns & trends	After-school activities to keep kids off the streets	Safe, clean water
Bad guys/gals are off the streets	Maintain streets	Police/Fire open house & community events	Mentors	Meets or exceeds environmental standards regarding water distribution and waste management
Visible law enforcement	Low incidence of traffic accidents	Minimal day labor	Connected community - barriers removed	Environmental design for new/existing structures
Provide fire services	No potholes	Intelligence-led policing	Partners with stakeholders	
Provide emergency medical services		Consumer protection	K-12 education fund opportunities to guide kids	
Arrest bad guys		Fire prevention (2)	Educate parents dropping off their kids	
Adequate staffing of sworn personnel		Public safety presence/visibility	School partnerships in safety education	
Trained safety personnel		Friendly police officers	Education of community & youth	
Ambulance service		Bike patrol		
Impartial & fair courts		Comfortable walking and being outside		

# Identify and Define Results





# Chesapeake VIRGINIA





**ATTRACTS, MOTIVATES and  
DEVELOPS A HIGH-QUALITY  
WORKFORCE, DEDICATED TO  
PUBLIC SERVICE**

**PROVIDES ASSURANCE OF  
REGULATORY and POLICY  
COMPLIANCE TO MINIMIZE  
and MITIGATE RISK**

**PROTECTS and PRUDENTLY  
MANAGES ITS FINANCIAL,  
HUMAN, PHYSICAL and  
TECHNOLOGY RESOURCES**

**SUPPORTS DECISION-  
MAKING WITH TIMELY and  
ACCURATE SHORT-TERM and  
LONG-RANGE ANALYSIS**

### **GOOD GOVERNANCE (Sound Financial Entity)**

**ENABLES and ENHANCES  
TRANSPARENCY,  
ACCOUNTABILITY, INTEGRITY,  
EFFICIENCY and INNOVATION  
IN ALL OPERATIONS**

**RESPONSIVE, ACCESSIBLE and  
COURTEOUS TO ITS  
CUSTOMERS**

# Strategic Questions

1. *What are we in “business” to do?*
2. ***What exactly do we do?***

# Step 3: Identify Programs and Services

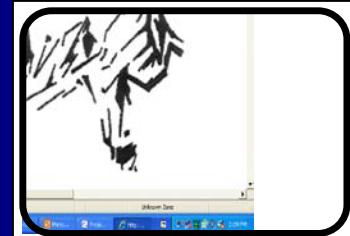
- Departments develop their own program inventories
- When defining programs, be clear on the objectives of what inventory will be used for
- Not too big, not too small, just right!
  - Measure relative size based on costs, people associated with program
  - Departments and Divisions = too big
  - Tasks = too small

## CITY OF BOULDER, COLORADO

### Department Program Inventory

Monday, July 26, 2010

**Directions:** For all of the programs and services in your department, identify the program name. When completed, please e-mail the Program Inventory back to Jim Reasor



Fund No.	Department Providing Program	Program Name
010	Community Planning & Sustainability	General Business Assistance
010	Community Planning & Sustainability	Business Retention and Expansion
010	Community Planning & Sustainability	Business Incentive Programs
010	Community Planning & Sustainability	Business Partnerships and Sponsorships
140	Community Planning & Sustainability	Energy Decarbonization
140	Community Planning & Sustainability	Green Job Creation
140	Community Planning & Sustainability	Climate Adaptation Planning
112	Community Planning & Sustainability	Comprehensive Planning
112	Community Planning & Sustainability	Intergovernmental Relations
112	Community Planning & Sustainability	Historic Preservation
112	Community Planning & Sustainability	Ecological Planning

**City of Boulder, Colorado**

# Strategic Questions

1. *What are we in “business” to do?*
2. *What exactly do we do?*
3. ***How do we figure out what is “core” OR  
What is of the highest importance?***

## Step 4: Score Programs against Results & Attributes

### City of Boulder's Results

- Accessible & Connected Community
- Economically Vital Community
- Healthy Environment & Community
- Inclusive & Socially Thriving Community
- Safe Community

### Basic Program Attributes

- Mandated to Provide the Program
- Reliance on the City to Provide the Program
- Cost Recovery of the Program
- Change in Demand for the Program
- Size of Population Served
- *And/or any other criteria that is relevant to your community*

# Simple Scoring Scale – “Degree” of Relevance to a Result

**4** = Program has an essential or critical role in achieving Result

**3** = Program has a strong influence on achieving Result

**2** = Program has some degree of influence on achieving Result

**1** = Program has minimal (*but some*) influence on achieving Result

**0** = Program has no influence on achieving Result

“High Degree”  
of Relevance

“Lower Degree”  
of Relevance  
(still a clear  
connection)

No Clear  
Connection

# Identify “Value” of Program Based on their Influence on Results

©

# Strategic Questions

1. *What are we in “business” to do?*
2. *What exactly do we do?*
3. *How do we figure out what is “core” OR What is of the highest importance?*
4. ***How do we know we are successful?***

# Peer Review (Quality Control) Process

## City of Boulder, CO

7/27/2010



### Program Prioritization

### Peer Review of Departmental Program Scoring

### Community Result: ECONOMICALLY VITAL COMMUNITY



Each department has scored its programs using a two-step process: (1) determine the relevance of a program in respect to the Priority Result and (2) determine the influence of the program to achieve the Priority Result. Based on that process, programs were scored within a range of between "0" and "4". For details on the scoring, please refer to the departmental scoring instructions in your packet. As part of the validation process, each Peer Review team will review those programs which departments scored with a "3" or "4." The task of the Peer Review team is to review the information provided regarding these programs within the context of the Priority Result definition. Specifically, you are tasked with the following:

1. review the program descriptions and determine whether you agree with the departmental score based on how well the program aligns with the Priority Result (does the program achieve the Priority Result and to what extent);
2. request additional information to understand the departmental score, if necessary; and
3. after receiving additional information and discussion, recommend a different score to the City Manager, if necessary.

*The following Programs are Listed in Order of Score, From High to Low, Relative to this Result*

DEPARTMENT OFFERING PROGRAM	Division	PROGRAM NAME	PROGRAM DESCRIPTION	Program Number	Program Notes	Dept. Score	Agree with Dept. Score? (Yes/No)	Need More Information? (Yes/No)	Notes for Review Team Member	Revised Score
Community Planning & Sustainability	Economic Vitality	<b>Economic Vitality Program &amp; Sponsorships</b>	Wide range of assistance to new & existing, small & large businesses; retention/expansion critical to the city's economic health and revenues (sales & use taxes/permit fees); sponsorships supports service to small and independent businesses.	29		4				4
Community Planning & Sustainability	LEAD	<b>City Organization Sustainability</b>	New City Sustainability Plan; Economically vital could not ask the same of businesses in the community if we as a city organization are not doing our part; Score-ranked for environmental health.	39		4				4
DUHMD/PS	04	<b>Downtown &amp; Community Improvements-streetscape</b>	Mall Infrastructure improvements and FFR replacement for items such as PopJet fountain, weeping rock, benches, etc	49		4				4
Fire	Fire Safety	<b>Inspections/Code Enforcement</b>	Provides inspection and enforcement services to ensure existing buildings and new construction meet fire and safety code requirements prescribed in the Boulder Revised Code.	76		4				4
Open Space & Mountain Parks	Land & Visitor Services	<b>Trail Program Maintenance and Construction</b>	Desc: Annual maintenance of existing trail system. New trail construction and large scale maintenance projects to make existing trails more sustainable Mandated: Charter Section 176c & 176b. Provide for passive recreation such as hiking, equestrians and biking Change: As surrounding communities continue to grow, more people visit the OSMP trail system. Reliance: The City would not allow a private citizen to construct a new trail on public land nor would we expect the private citizen to pay for it. Access: OSMP constructs and maintains ADA accessible trails, this is a unique opportunity for mobility impaired people to recreate outside. OSMP also plans, constructs and maintains a trail infrastructure system that provides an opportunity to bring people closer. Econ: The opportunity to recreate on OSMP, via the trail system, is essential to the economic vitality	168		4				4

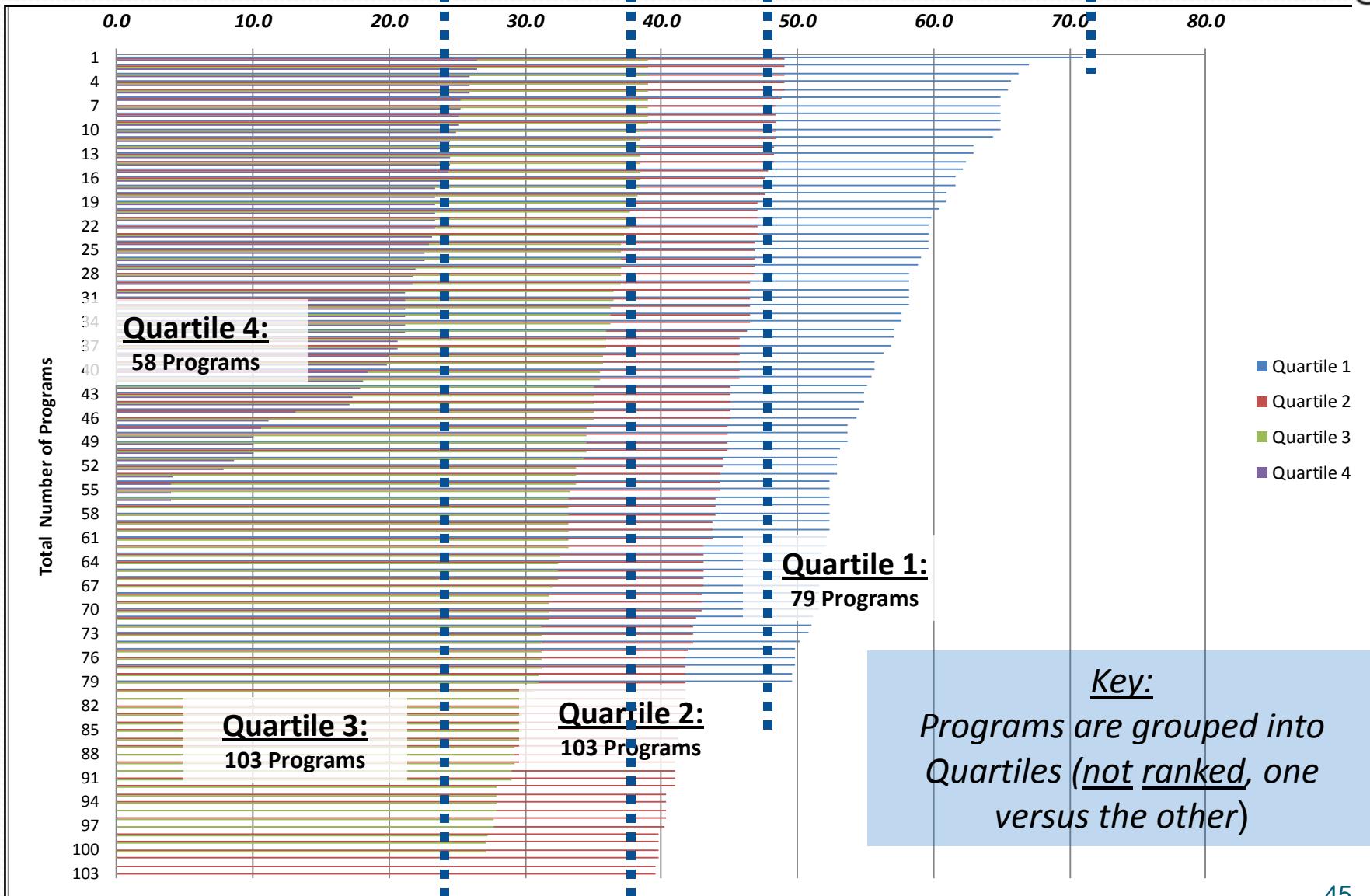
◀ ▶ Accessible & Connected Economically Vital Healthy Environment Inclusive & Socially Thriving Safe Community

# Strategic Questions

1. *What are we in “business” to do?*
2. *What exactly do we do?*
3. *How do we figure out what is “core” OR What is of the highest importance?*
4. *How do we know we are successful?*
5. ***How do we ask “better” questions that lead to “better” decisions about “what we do” and “why we do it”?***

# Defining Quartile Groupings

©

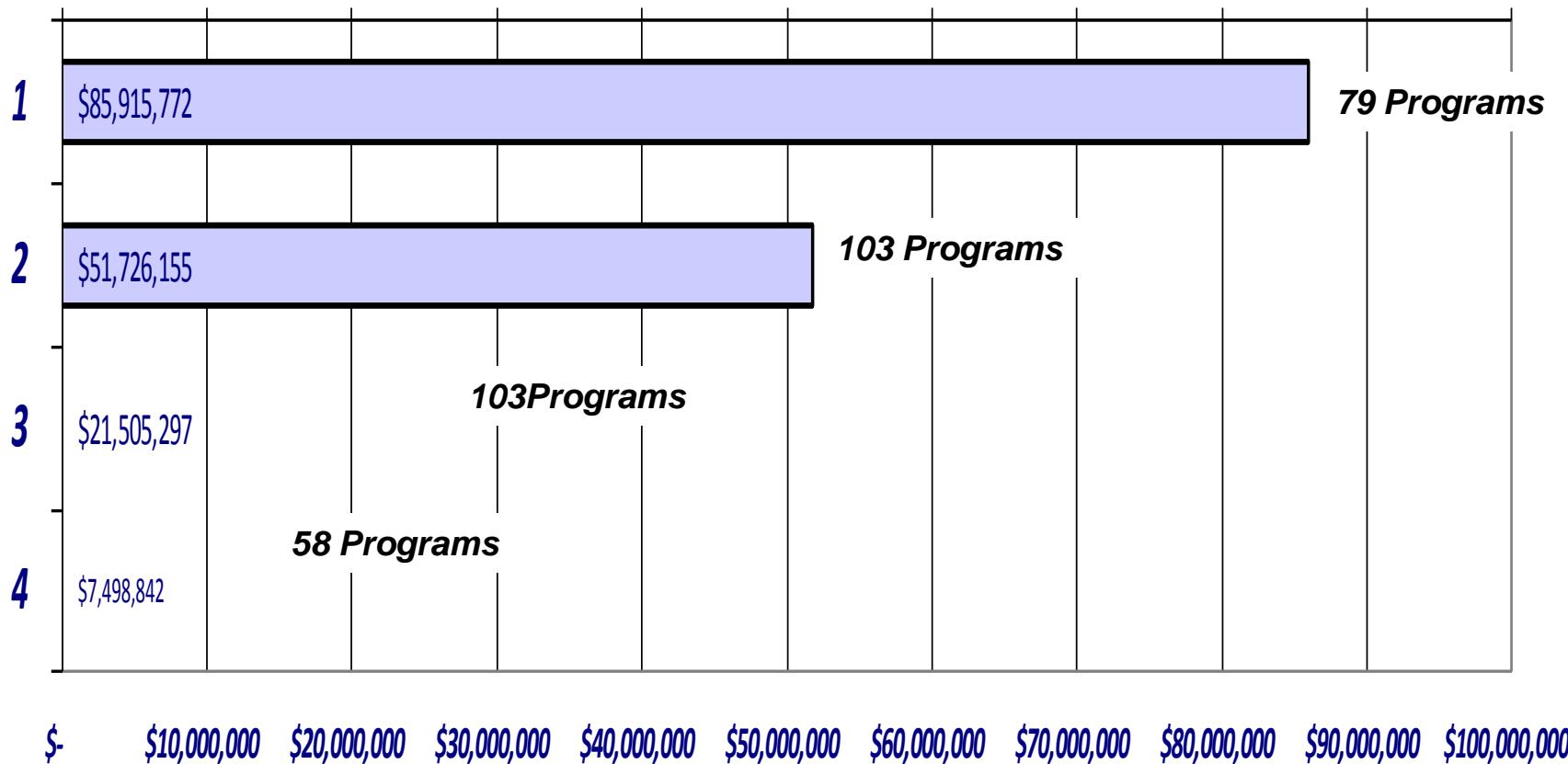


## Step 5: Allocate Resources Based on Prioritization

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Prioritization Array: Combined City-wide Programs

**Quartile Ranking**  
(Quartile 1: Highest Rated Programs;  
Quartile 4: Lowest Rated Programs)



# Resource Allocation Tool

City of Boulder, CO

Program Type:  
(All Programs, Governance,  
Community-oriented)

Every City Program

Prioritization Perspective:  
(City-wide, Fund, Funds)

City-wide

Choose Department:  
(All Departments, Specific)

All Departments

Funding Source:  
(Est. Budget, Gen Gov Revenue,  
Program Revenues)

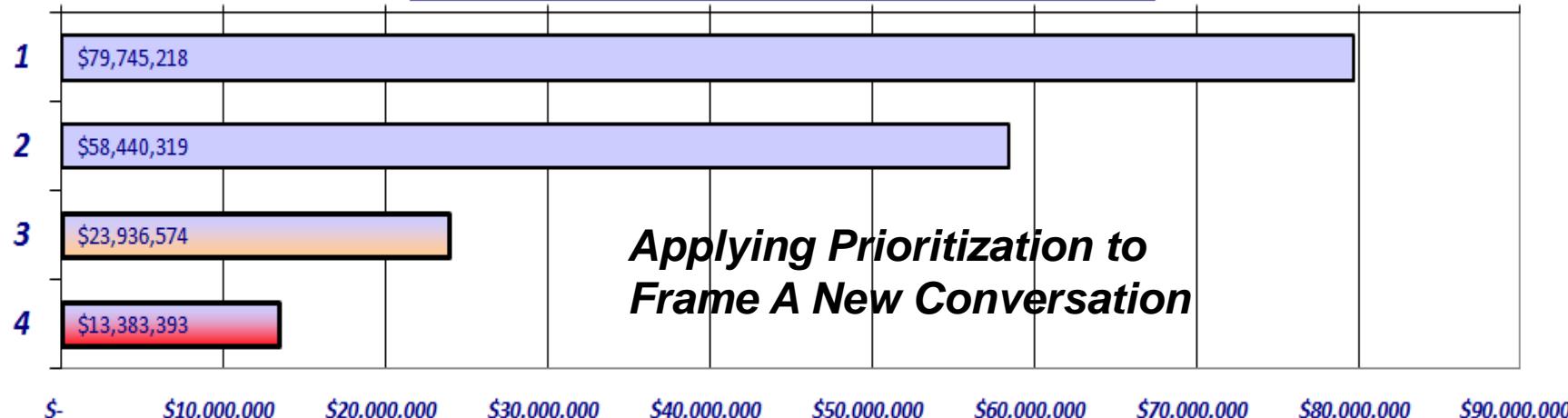
Portion Funded by General  
Government Resources



June 13, 2011

Quartile Ranking  
(Quartile 1: Highest Rated Programs;  
Quartile 4: Lowest Rated Programs)

## Priority Based Budgeting: Spending Array Perspectives



Quartile Ranking	2010 Budget	2011 Proposed Budget	Increase (Reduce) %	Impact	2011 Target Budget
Qrt 1	\$0	\$79,745,218	2.00%	\$1,594,904	\$81,340,122
Qrt 2	\$0	\$58,440,319	-3.00%	(\$1,753,210)	\$56,687,110
Qrt 3	\$0	\$23,936,574	-10.00%	(\$2,393,657)	\$21,542,917
Qrt 4	\$0	\$13,383,393	-20.00%	(\$2,676,679)	\$10,706,714
<b>TOTALS</b>	<b>\$0</b>	<b>\$175,505,504</b>	<b>-2.98%</b>	<b>(\$5,228,641)</b>	<b>\$170,276,863</b>

# LIVE DEMONSTRATION OF “*RESOURCE ALIGNMENT DIAGNOSTIC TOOL*”<sup>©</sup>

# Strategic Questions

1. *What are we in “business” to do?*
2. *What exactly do we do?*
3. *How do we figure out what is “core” OR What is of the highest importance?*
4. *How do we know we are successful?*
5. *How do we ask “better” questions that lead to “better” decisions about “what we do” and “why we do it”?*
6. ***What do you want to “keep” (not “What do you want to cut”)* - THE ROLE OF CITIZENS**

# Keys to Public Engagement

- 1.) Determine objective for engaging the Public
  - Is it a “**Means to an End**” or an “**End in and of Itself**”?
- 2.) Design the role of the Public so it will have a meaningful influence
- 3.) Ensure higher participation – **GO TO THEM**
  - Use the Web
  - Mail enclosures with Newsletters or Utility Bills
  - Attend Community Meetings (*i.e. Chamber of Commerce; Civic Groups; School Board; HOA Meetings*)
  - Set up kiosks at Library, Rec Center, Senior Center, etc.

# Many Challenges Inherent to Engaging Public

## Where would YOU find \$51 million? Building the Citizens' Budget

### WHO MAKES THE CUT—YOU HELP DECIDE POLICE OR POOLS?



### FIREMEN OR FEES?



#### Here's the challenge!

- The City of [redacted] has a \$51 million deficit—How can we balance the budget while still having the services we need?

#### Your voice is important!

- City Council wants and needs your input to make budget decisions that best reflect the values of our citizens.
- Come talk with other citizens—*together* you will decide what is most important for our community.

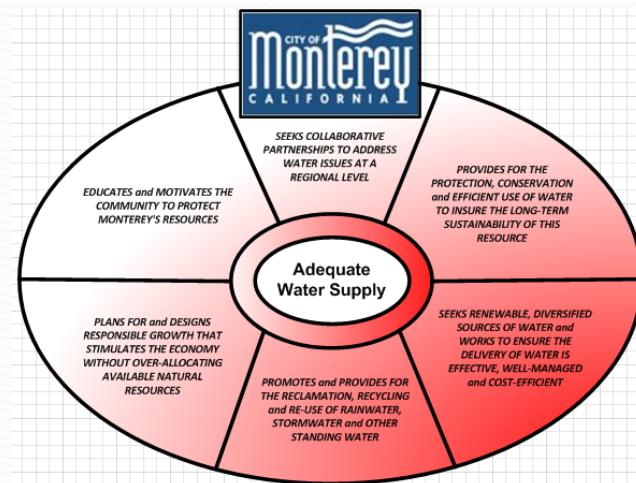
- Level of discussion too “Big Picture”
- Conversation is framed contentiously (and possibly with “fear”)
- Unclear about “how” citizens will be able to participate

# Engaging Public in New Discussion

## About “*What They Want to Keep*”



DESIGN, BUILD AND MAINTAIN A TRAFFIC NETWORK THAT FAVORS CONGESTION, IMPROVES TRAFFIC FLOW AND ENHANCES MOBILITY		PROVIDE ACCESSIBLE, SAFE AND INTEGRATED MOBILITY ALTERNATIVES FOR CYCLISTS AND PEDESTRIANS THAT CONNECT THE COMMUNITY		ENCOURAGE AND INCENTIVIZE TECHNOLOGIES AND STRATEGIES THAT REDUCE VEHICLE USE, ESPECIALLY BY ONE PERSON	
STAFF RESPONSE	CITIZEN RESPONSE	STAFF RESPONSE	CITIZEN RESPONSE	STAFF RESPONSE	CITIZEN RESPONSE
Review traffic control plans	Revisit traffic signals & vehicle flow	Empower walkways & bike riding paths safer (less cars and people)	Safe infrastructure laws	Provide better traffic laws	Encourage walking and cycling
Review traffic engineering	Traffic flow	Integrate bicycle friendly	Pedestrian paths that are easy to follow	Multiple modes of traffic reduce impact on environment	Incentives for bicycling & carpooling
Traffic plan	Get lighter/softer traffic engineering	Encourage walkways beyond the recreation trails	Engage bike laws (safety issues)	Carpools	More teleworking
Complete transportation planning	Complete street infrastructure (‘last mile’)	Safety improvements for bikers	Walkable	Car sharing	Resources for bicycling & carpooling
Recognize need for transportation planning	Traffic includes a variety of traffic engineering, safety & infrastructure	Walkable	Infrastructure for walking & bicycling	New modes of transportation	Encourage businesses to provide transportation options
Use traffic flow analysis	Eliminate sprawl	Provide accessible bike laws	Continue bike trails	Share employees car pool incentives	Activity plan to reduce need for single person, automobile trips
Develop traffic control plans	Add lanes on Del Monte Blvd.	Provide infrastructure studies (public transit, bike lanes, etc.) of transportation	Multiple modes of traffic reduce impact on environment	Provide services to individuals who are not drivers	
Improve traffic flow (2)	Early/unintended road usage	Walkable community	Multi-modal paths & lighting (solar)	Provides high quality services to minor car trips	
Well-located, well-designed & directionally consistent walking projects	Design one transportation (highways)	Better bike laws	Bike laws (2)	Environmentally friendly green	
Improves, & is consistent with transit	Green	Address the infrastructure	Walkable bike mode of travel	Offer incentives to reduce individual transportation support services (i.e. bicycles, bike racks, showers, etc.)	
Studies and improve traffic flow	Address traffic flow issues to determine effective modes of transportation	Provide healthy lifestyles: walking & biking	Provides bike laws	Minor street programs	
No traffic congestion		Address the infrastructure	Walkable bike mode of travel	Provide incentives for health & safety	
Slow speeds		Provide healthy lifestyles: walking & biking	Walkable bike laws on all city streets		
Integrate public transportation (buses, trolleys, light rail, etc.)		Provide safe walking paths	Bike bike laws		
Safe paths (walk, etc.)		Provide safe walking paths	Walkable bike laws		
Analysis/collected data		Provide safe walking paths	Walkable bike laws		
Traffic & transportation data		Provide safe walking paths	Walkable bike laws		
Enhance traffic & transportation data		Provide safe walking paths	Walkable bike laws		
Free software		Provide infrastructure for pedestrian & bicycle	Walkable bike mode of travel		
Streets have been designed using street art		Implement simple transportation plan	Walkable bike mode of travel		
Traffic enforcement		Provides bike laws	Lower “carbon” City		
Encourage the public to bike safely		Has a bike path	Safe walkways		
Modern traffic engineering		Walking trails (2)	Encourages public walking		
		Multiple modes (i.e. pedestrian, bike, bus, transit)	City is friendly to all modes (cars, walking & biking)		



# Valuing the Results of Government

*Invest \$100 in Results, according to their relative importance*

## Valuing the Results of Government

Thursday, February 04, 2010

### Giving Emphasis to the Priorities of Government

**Directions:** The results that our Government strives to achieve are identified in the table below. As a citizen, your job is to help the City understand clearly the results that you value most. For this exercise, you are to imagine having \$100 to invest in achieving the City's results. Where would you invest your money? You can distribute the funds evenly to all results, you can invest all of your money in one single result, or you can invest your money toward the achievement of various results emphasizing those which are most important to you. Spend the \$100 until it's gone by typing the amount you intend to invest in a result into the empty box to the "right" of the Result Statement.



**Money You Started With**

**Money You Have Invested**

**Money You Have Left**

*(When this box reads "\$0" you have completed Step 1.)*

Results of Government	Amount of Money Citizen Intends to Invest in Result
<i>A Safe Community</i>	\$ 30
<i>Strong Neighborhoods and a Sense of Community</i>	\$ 5
<i>Economic Vitality</i>	\$ 20
<i>Culture, Recreation and Learning Opportunities</i>	\$ 15
<i>Stewardship of the Environment</i>	\$ 10
<i>Effective Transportation and Mobility Options</i>	\$ 20

# *Results Validation Exercise*

# Validating the Results of Government

*Invest \$100 in Results, according to their Relevance*

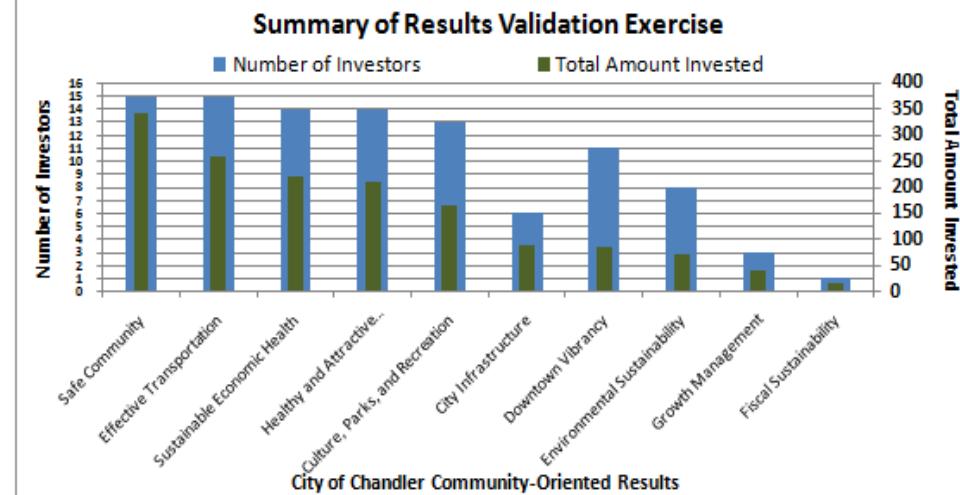
**City of Chandler, Arizona**  
Results Validation Exercise

Monday, October 24, 2011



## Community-Oriented Results - Results Validation Exercise

<b>City of Chandler's Results</b>	<b>Number of Investors</b>	<b>Percentage of Investors</b>	<b>Total Amount Invested</b>
Sustainable Economic Health	14	93%	\$ 220
Healthy and Attractive Community	14	93%	\$ 210
Downtown Vibrancy	11	73%	\$ 85
Effective Transportation	15	100%	\$ 260
Environmental Sustainability	8	53%	\$ 70
Safe Community	15	100%	\$ 343
City Infrastructure	6	40%	\$ 90
Culture, Parks, and Recreation	13	87%	\$ 167
Growth Management	3	20%	\$ 40
Fiscal Sustainability	1	7%	\$ 15



# What Can Be Learned from the “Results Validation” Exercise

- Are the City’s stated Results the right Results to use for this process,
- Are there “new” Results that would comprehensively state what the City is in business to do,
- Are there any Results that are no longer valid and shouldn’t be included in program scoring,
- For the Results that are validated, are there any that should be combined or re-stated

## Instructions:

# \$100 Results Validation Exercise

# Example: Result Weighting Exercise

## Calculating the “Weighting Factor”

Result	Total Spent	Normalize Investment	“Weighting Factor”
Safe Community	\$1,565	= \$1,565 / \$770	2.03
Strategic Sustainable, Well-maintained Development	\$1,405	= \$1,405 / \$770	1.82
Quality of Life	\$1,214	= \$1,214 / \$770	1.58
Stewardship of the Environment	\$770	= \$770 / \$770	1.00

*Example from Grand Island, Nebraska*



# Thank You !

## Contact Information:

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